Transcript of Questions and Answers from April 26, 2005 Pre-proposal Conference

Questions?

Let me bring your attention to a couple of very interesting pages in the Request for Proposal. Go to pages 8 and 9. Everybody with me? These are probably what I call some of the core elements of the RFP process. We start at the top. It says, "Residential projects must contain five or more units to be eligible for funding. All funding assisted under this RFP must meet the federal and local housing codes and their appropriate income guidelines with beneficiaries."

Priorities, 4.1 Although the above priorities are eligible, DHCD will give priority to certain types of projects, projects in one of the 13 strategic investment areas and NRSA. These will be noted in the scoring process of geographic targeting. When you begin to look at your application you will see that you are awarded points in the application for various points. Geographic targeting is so that our activities are consistent with other administration activities, where the administration is trying to rebuild and make strategic investments in neighborhoods.

Preservation of affordable housing for very low and extremely low households in building with expiring federal subsidy -- the next four bullets are actually matching this chart below. It shows you where we are targeting our resources; elderly housing, special needs housing, aspiring special needs, homeownership and community facilities. You will see the other three bullets speak about commercial and community facilities that serve low-income families.

The facade projects are really a misnomer. There's a separate request for applications for facade projects -- that is done by our sister department in the Department of Housing, the residential and community services, commercial retail building development, and strategic investment areas -- projects designated as one of the 14 hot spots, and projects will provide high-speed Internet access to units at no cost to residents. Again, all of these things are contained in your scoring guidelines. So you can actually, as you're putting your application together, score your own application.

Yes, ma'am?

UNIDENTIFIED: I understand that the targeted areas on these maps is the dotted line, but you have to be right in it. You can't be within a mile of that area?

DEPUTY DIRECTOR CAGER: Oh, not within a mile, no, no, no.

UNIDENTIFIED: Or a block even?

DEPUTY DIRECTOR CAGER: It would be the dotted line. That is very interesting. No, within a mile truly won't work. But as with all of our scoring, if you just go to our geographic targeting, in the scoring function it would say projects within one of the 14 strategic neighborhoods, or hot spots, or something like that, that is probably where you would get the most points for geographic targeting. There's something else that says projects near something else; that gets a second tier. Then we have a third tier that says projects located in an empowerment zone or the D.C. Enterprise Zone, I believe, which is like 90 percent of the city. That gets the fewest number of points, but it's a structured scoring, sliding scale.

Any other questions?

Types and use of funds, financing and

eligible costs. Very important here. For almost anything related to housing and/or real estate development, our funding is eligible for it; acquisition, construction, soft costs, interim financing, permanent financing, eligible predevelopment costs. All financing is not eligible for -- if you turn to page 9 -- those items on the top. Key among those items is developer fees. Let me explain that.

We do encourage developer fees in a project. We are saying the Department will not use its resources to pay for developer fees. That is because the Department views itself as a gap lender. Very seldom is the Department a hundred percent lender in a project.

Yes, ma'am?

UNIDENTIFIED: Are you going to take the developer fee out of the budget?

DEPUTY DIRECTOR CAGER: No.

UNIDENTIFIED: So if the budget shows a gap of $2 million, including the developer fee, and the developer fee is $1.5 million, what are you going to do?

DEPUTY DIRECTOR CAGER: I would say you

get your other source to pay the developer fee. The Department would say, where is the best use of our money. No offense to developers -- I've lived on both sides of these transactions. I've lived as a developer, I've lived as a lender, I've lived as a borrower. Our point is you use your other resource to pay the developer fee. Let the Department put its money into the bricks and sticks of the project. Let the Department buy bricks and sticks. I don't discourage developer fees. We may in our underwriting process say that the developer fee is outside the norm, but that is also, as to your question, one of the key reasons to bring your other funding to the kick-off meeting because we'll have that discussion there.

UNIDENTIFIED: So in other words, you're saying you have to have another funding to support your development fee at the time of --

DEPUTY DIRECTOR CAGER: Application; yes, ma'am. Again, we are a gap lender. The Department very rarely finances 100 percent of a project. We are involved in projects -- point in case, luckily our $35 million has allowed us to accept and fund probably an average of about 26 applications a year, somewhere between 23 and 28 applications a year.

If I was 100 percent funder -- the largest deal we've probably had has been a $70 million deal, the smallest can be a couple of million -- how many of them would I do? If I did one $70 million deal, I'd still be funding that out in two years. Our average cost per unit probably is ranging somewhere around $30,000 and $50,000 per unit, and it varies per type of project. Obviously, special needs projects require more because they have a smaller and a lower funding stream.

You have a question, sir? Time out. You know what I'm supposed to do on questions? This gentleman is supposed to record your questions, so you have to come to this table and say your name. He's here actually to record everybody. I apologize. I did say that. So would you come forward and state your name so he can get your questions? You should have reminded me earlier.

Come forward. It's everybody. I apologize. State your name.

MR. ODAGBOLLO: Question number one is what rates are we getting from the fund. The second question is --

DEPUTY DIRECTOR CAGER: You can come back. Everybody hear his first question? What rate are the funds charged at? I would say currently we do not have a standard lending rate. That will be something you will see next year. I say that because the District is your most flexible lender. We are in the mission of doing affordable housing, so we are flexible lenders to make a transaction work. We look at the funding to feasibility of a project, its development team, and we structure our terms to meet the needs of the project.

Obviously, when you're looking at certain projects, if you're doing a special needs project, again -- special needs projects are those serving people with physical or mental disabilities or other kinds of challenges in their life. Their income and ability to pay is a lot less than if you're doing let's say 80 percent of a median area income rental project. So you can support more debt and the financing can be structured differently. We partner with all kinds of lenders.

MR. ODAGBOLLO: But typically what --

DEPUTY DIRECTOR CAGER: I can't say that I -- what would be my preferred transaction. Our preferred transaction probably -- I won't call it a preferred transaction because I don't have a standard transaction yet.

In the next RFP there will probably be a standard term transaction that will probably be something like 3 percent 30 or 40 years, with standard documents. That will mean if you're able to come in and take those terms, your deal can get on the fast track. But we've done deals on a variety of terms. I ask you to consider us two ways. Consider us as a flexible financier, but please do not try to take advantage of us because they do due diligence.

Did I answer your question?

MR. ODAGBOLLO: Yes.

MR. MITCHELL: My name's Mike Mitchell.

DEPUTY DIRECTOR CAGER: Hi, Mike Mitchell.

MR. MITCHELL: I understand this is a back and forth give and take kind of thing. If your average kind of per unit costs are between 30 and 50, and in the financial feasibility report part of this application the project works best at X dollars of city money, but it could work with less -- I guess I'm trying to figure out the best way to not ask for too much -- if there is an amount, ask for too much, but if the project is attractive, can you guys work on the number? Do we guess high, guess low? How is this game kind of played?

DEPUTY DIRECTOR CAGER: I would say guess realistic. Two things happen. If you guess low and your project comes in significantly different, two things can happen to you. It is not the same project that was reviewed and scored, and then you might have to go back to the starting gate. It has happened. People give me, as submitted, an application with low-ball numbers. We get through it and it's a whole different application; the costs have doubled. That means that's not the same application that was reviewed and scored.

Now there is leeway because things change. I would like to say that leeway is somewhere around 30 percent. We're trying not to be unreasonable here. But I've had projects come in where the cost was $2 million, but when you did into the project, it's a $5 million project. That's not the same thing that was reviewed and scored.

Do you have a second question?

MR. ODAGBOLLO: The second question is do you guys take an ownership statement in a project?

DEPUTY DIRECTOR CAGER: Do I take an ownership? No, I do not take an ownership statement within a project? Do we assume an equity position? No, we have not done that. The Department has looked at that, but I'm assuming that equity and ownership stake in a project means that I'm also equally liable. I'm not sure that the Office of Attorney General will permit the Department to do that.

We are your partner. I say that because you are with us in a long-term relationship as I stated earlier. The second part of this is -- whatever the question is, so I will ask the question for everybody -- do you do grants or do you just do loans? Everybody wants to know. I will say that 99.9 percent of the time we have done loans. We have done loans that are self-amortizing, we have done subordinate loans, we have done deferred loans. We do loans for a primary reason. A loan document gives the Department the strength, when you are not in compliance, to put you into default.

Understand the Department has statutory requirements. The director must report to the Housing Production Trust Fund. When Ms. Campbell comes out to your property and you're saying I've got 100 units, and 60 units are going to be serving low-income family, and she does a monitoring visit and you only have 35 income-eligible families on your properties, and you've been telling me through your monthly report, oh, we're not making any money, so we can't afford to pay you, then she will say, this is what I found.

As we do our investigation, if I've given you a grant, you've already taken my money, or the Department's money, I have a covenant on the land and I'm into a legal protracted fight with you to get you back into compliance. If I have a loan, or the Department has a loan, you are immediately in a condition of default, which means I can come take possession of your property, call my note current and due immediately. If necessary, buy it through the first lender. Now which one are you going to pay more attention to? The loan. It is not meant to be an unreasonable financial burden; it is meant to provide the Department with the necessary enforcement vehicle to meet its requirements.

Again, I don't look good in bright orange. I don't think I have anything orange in my closet. I don't have anything orange. I don't even think I have an orange tie. So bright orange and I don't get along. But that is why we do loans. Understand our loans has been subordinate. They've been deferred. I've done cash flow. We have done every kind of loan imaginable to a project.

MS. GADSON: My name is Barbara Gadson. I'm looking at this strategic neighborhood target area for the Minnesota Benning area. I see the street starts at 42nd. Our street that we anticipate on doing an assisted living for the elderly is 49th, two blocks away. Will that in any way hinder us from submitting a proposal?

DEPUTY DIRECTOR CAGER: Our proposal, again, is citywide. You will just get more points if you are in a strategic neighborhood and less points for that area if you're not. But, again, that is not the only points area of an application. So while you may not match out there, you may match out in another area of the proposal.

MS. GADSON: That's one question. The second question will have to do with assisted living and facility provided for the elderly. One of the reasons we wanted to submit is because of there not being such an area in that vicinity. As far as our chances -- and this is what I was looking at because I'm kind of first time doing it, so I'm going to be down your office a lot asking lots of questions.

One of the things I wanted to ask you was, because we want to develop in that particular area -- I know you don't do the developer -- you were saying the developer, we would have to get another lender for that. We submit our proposal for the other thing that we need, but yet we would not include in our proposal any fee for the developer. Is that what you were saying?

DEPUTY DIRECTOR CAGER: No. I was saying you can include the fee. You can't use our resources to pay the developer fee.

MS. GADSON: To pay the developer. Okay, I just want to clarify it.

DEPUTY DIRECTOR CAGER: So if your project is, for round numbers, $100 and you've got $50 from this young lady who is Ms. Diane Harris -- you're going to be the Bank of Harris -- and she's giving you $50 for your $100 project. If you come to us for the other 50 or to the Department, I will say, when we look at it and your developer fee is $15 of that, the Department does not want to pay the developer fee.

The Department will pay architect, will pay attorneys, will pay bricks and sticks. All of those things are in there. We would say that you get your developer fee from the Harris Bank. The Harris Bank will probably say I'll pay the developer fee at the end of the deal, after you give me something to build. But the Department has taken part of that.

MS. GADSON: Thank you.

DEPUTY DIRECTOR CAGER: No problem.

E spoke to the types of investment. The Department may provide investment in projects in the forms of loans and grants. The Department has the sole discretion in making that decision.

Section F is probably our second most important thing here on these two pages. It speaks to the monitoring requirements. In accordance with federal and District regulations, DHCD is required to monitor the use of the funds distributed under the RFP. Applications receiving financial assistance from DHCD for projects could be subject to any and/or all of the following. Within this box, you will see approximately 18 different sets of monitoring requirements that accompany our funding, and you could be subject to any and all of these.

DHCD requires each applicant to sign a monitoring certification indicating the agreement to comply with the regulations to be subject to DHCD monitoring for compliance and to accept any applicable penalties for noncompliance. This applicant is responsible for any and all cause associated with implementing and maintaining records to comply with and allow for DHCD monitoring. The Monitoring Certification Form is included in the application. That means, again, failure to sign this form will not be there. Who is eligible to receive our funding? Just about anyone, nonprofits.

MR. FULMORE: My name is Ceodtis Fulmore. I just went through a process of incorporating a ministry. I'm trying to find out if I'm wasting my time. I've already incorporated a ministry tax-exempt status for a nonprofit. What I wanted to do is open up a community center in an area that's needed in the city. Is it wise for me to continue in this process? I'm at the stage now that all I have to do is submit a grant for money, for federal money.

DEPUTY DIRECTOR CAGER: I can't tell you whether it's wise. How I can answer your question is we have supported community centers in the past and part of our funding is dedicated for community facilities.

MR. FULMORE: I heard you have a long process to go through. Since I've already went through the process, then --

DEPUTY DIRECTOR CAGER: If you don't need our money --

MR. FULMORE: I think I'm wasting my time.

DEPUTY DIRECTOR CAGER: Well, I can't tell you whether you're wasting your time. I can tell you we have supported a variety of community facilities in the past. I've been here almost three years; we've always funded community facilities. We have funded then whether they be related to religious organizations or whether they're independent. We have funded a variety of them. We have funded learning centers, recreation centers and various types of community facilities.

I can't say whether you're wasting -- the only way you're wasting your time -- and I assume you wouldn't be here if you didn't need our money.

MR. FULMORE: Right. When I read the brochure, I think I might have misunderstood. I saw something that said for nonprofit.

DEPUTY DIRECTOR CAGER: Nonprofits are eligible. I was just saying, nonprofits are eligible, for-profits, individuals, any business or corporation that is licensed to do business within the District of Columbia.

MR. FULMORE: Okay.

DEPUTY DIRECTOR CAGER: Nonprofits are eligible. That's on the top of maybe page 10; nonprofits, for profits, any organization that is licensed to do business, individuals, limited liability corporations, any entity.

MR. FULMORE: Thank you.

DEPUTY DIRECTOR CAGER: That's essentially my overview. What I'd like to do is leave time for you to ask questions because that is my primary purpose here.

MR. MITCHELL: As far as rehab construction for affordable units, one of the pages says general and then there's a column where in parentheses it says rental. The project is a 236 subsidized cooperative housing project. I'm not clear. Is it only rental projects you're looking at for that particular area of interest?

DEPUTY DIRECTOR CAGER: Rental,

homeownership cooperatives, all are eligible.

MR. MITCHELL: As far as the scoring of federal subsidies expiring, what's the time line for these expirations?

DEPUTY DIRECTOR CAGER: What do you mean?

MR. MITCHELL: If it was a contract base and now it's on annual renewal, is it within the next six months at the time of application?

DEPUTY DIRECTOR CAGER: I don't think we've given a point to whether it's expiring today or a year from now. If it's an annual renewal, we'll look at it as an annual renewal and if it's expired for six months. Because it is a federal subsidy and that it will expire, and it's moving from a project base to annual, we would consider that an expiring federal use project, if that answers your question.

DEPUTY DIRECTOR CAGER: Any more questions?

MS. GADSON: Again, my name is Barbara Gadson. The deadline date is the 3rd. Suppose I want, the week before the deadline date, to call your office or whatever to have someone just kind of review that we have everything that we're supposed to have in order to make sure that we are there, or just about there, before we submit our final proposal? Will someone will be available? Is there anyone you can recommend? We just want to make sure we have everything, have dotted all our i's and crossed all of out t's before we submit the final proposal, signed, sealed and delivered.

DEPUTY DIRECTOR CAGER: There are two things to that answer. One, I cannot recommend anyone because recommending anyone puts the District in a liability situation. I would urge that you contact the Coalition for Nonprofit Housing and Economic Development. I don't have their number with me, but you can call Ms. Campbell tomorrow at our office, 442-7280, and she can give you that number. It is the Coalition for Nonprofit Housing and Economic Development.

MS. GADSON: And that's Ms. Campbell?

DEPUTY DIRECTOR CAGER: Ms. Campbell. Ms. Campbell is the young lady back here. You've all seen Ms. Campbell. You've made reference to her before. She can give you there number. The reason I say that I urge you to talk to them is they're kind of a trade organization of nonprofit developers and stuff. While they may not recommend anybody to you, maybe they can provide you with some technical assistance or something there.

You are always welcomed up to 3:59 to come ask questions about your application. Our staff cannot prepare your application. If you have questions regarding your understanding of preparation, we're there for you.

MR. PERRY: My name is Orlando Perry. As a small business, how do we reflect information about certain information that's asked in the questionnaire, such as strategic neighborhood area? Do we have to show maps? Do we have to just have the address?

DEPUTY DIRECTOR CAGER: You have the address. The maps are included in your Reference Guide Book.

MR. PERRY: Right, but how do we reflect that in the application when they request the information so that we can get points for that?

DEPUTY DIRECTOR CAGER: Well, you would do two things. One, you would get the address, and if you're on the map, I would put an X and show your property on the map.

MR. PERRY: Okay.

DEPUTY DIRECTOR CAGER: Let's say you're

in the Shaw strategic neighborhood and your property's there, I'd put the address, check yes. And if it were me, I'd include the map and show where my property was within that community and also give the address.

MR. PERRY: Okay. When I gave the address, I lost points because they said I didn't identify what strategic neighborhood area I was located in. There was a combination of two areas where I could have got points, but because I didn't show where I was located directly, I lost points.

DEPUTY DIRECTOR CAGER: I'm sorry to hear that and hopefully you don't lose points. And, again, as I stated earlier, I don't see that applications weren't worthy. I would say for the $35 million, we have received applications ranging from $100 million to $200 million for the resources. So it's not that applications weren't worthy; we just didn't have enough money. With the Housing Production Trust Fund there's been more funding available, therefore we're putting out another RFP.

No more questions? Come on.

MR. EDWARDS: Hi. My name is Art Edwards. What restrictions, if any, or what benefits exist for working with or on historic buildings?

DEPUTY DIRECTOR CAGER: Working with, what benefits exist, or working on historic buildings. While that is not a funding mechanism the Department controls, for historic buildings there are historic tax credits, which are a federal resource and/or a local resource. Historic tax credits generally provide tax credits for people who are working on properties that have been designated historic that they sell to investors and we raise equity for their project in the short run.

MR. EDWARDS: Could you repeat the last part of what you said?

DEPUTY DIRECTOR CAGER: Okay. Historic tax credits are essentially a financing mechanism, that if your building is deemed historic, either by the federal and/or local authority, you can receive a federal tax credit for working and preserving that building. What developers traditionally do with that credit -- because a credit is against someone's federal tax liability -- is sell that credit to an investor in exchange for money that they put into the project.

To qualify for historic credits, you have to comply with either the federal or local historic guidelines. I don't know if the District has a local historic credit. Does it? Anybody know?

UNIDENTIFIED: Not really, but the federal one is --

DEPUTY DIRECTOR CAGER: Yeah, I know there's a federal one. I know Maryland has one. I know states like New York has local state historic credits. In a historic credit I think you have to speak to the State Historic Office of Preservation is what it's called. It's either SOHP --

UNIDENTIFIED: SHPO.

DEPUTY DIRECTOR CAGER: SHPO.

UNIDENTIFIED: But here it's the Historic Preservation Office.

DEPUTY DIRECTOR CAGER: Historic Preservation Office. And I think they're in the Department of Planning.

UNIDENTIFIED: They're in your same building.

DEPUTY DIRECTOR CAGER: Yeah, they're on like the fifth floor or something, third floor of 801 North Capitol. They can tell you whether your building's deemed historic and how you would qualify for those historic credits.

MR. EDWARDS: All right. Does the offer include rehab in the whole investment block program or the community development program?

DEPUTY DIRECTOR CAGER: The offer includes funding from Home Investment Partnership and Community Development Block Grant; yes, sir.

MR. EDWARDS: I presume it also includes new construction from scratch.

DEPUTY DIRECTOR CAGER: New construction is a choice.

MR. EDWARDS: Do we get additional consideration or points for uniques in construction materials, which may include fire proof, waterproof, termite proof, bullet proof, et cetera?

DEPUTY DIRECTOR CAGER: There is a category, either in the threshold criteria or the ranking criteria, for appropriate construction in design or something that that would look at. There's something in the scoring criteria about design and building of the project.

MR. EDWARDS: All right. But that building with those qualities, would they consider any additional consideration you suspect?

DEPUTY DIRECTOR CAGER: I can't say they

can receive additional consideration. They can receive the consideration that's allowed in the existing point structure. Can I give them additional points for that? If it's not in the RFP point process, I cannot.

MR. EDWARDS: All right.

Previously you mentioned that special needs, five units would be considered if, in fact, it included bedrooms.

DEPUTY DIRECTOR CAGER: Special needs projects generally by nature count units as beds, depending on the population they're serving. It is just a function of the special needs population.

MR. EDWARDS: Oh, not the room itself; just the beds.

DEPUTY DIRECTOR CAGER: Sometimes it's beds and sometimes it's rooms.

MR. EDWARDS: Sometimes? How do we know in this case?

DEPUTY DIRECTOR CAGER: I would say go with beds. I believe that's what I said before.

MR. EDWARDS: I heard the word "bed," but I wasn't sure if it was bedrooms.

DEPUTY DIRECTOR CAGER: No, it's beds.

Special needs are counted as beds.

MR. EDWARDS: So a unit can also be considered a living quarter, which include bedroom, kitchen, living room, et cetera.

DEPUTY DIRECTOR CAGER: Right. And many of the special needs, you would have, for lack of a better term, congregate housing kind of facilities, where there are shared facilities and then various beds.

MR. EDWARDS: All right. Thank you.

DEPUTY DIRECTOR CAGER: Any more questions? You've got to come forward. I'm sorry, but the transcriber's got to get you. He's probably mad at me because I let half the questions get away.

MS. PERRY: I'm Bethany Perry.

DEPUTY DIRECTOR CAGER: Hi, Bethany.

MS. PERRY: If you awarded the funds, like if we went to low income and the elderly, how long do you have to keep it that way, like if you want to sell it later?

DEPUTY DIRECTOR CAGER: All of the funding comes with statutory guidelines. The Housing Production Trust Fund requires a 40-year affordability period set by the D.C. City Council. That is by statute. Home I think goes on the period of the amount of investment. The block grant is around 20 years. Some of that information is contained in your Reference Guide Book.

You're back.

MR. EDWARDS: I return. Previously you said you do 99.9 percent loans.

DEPUTY DIRECTOR CAGER: Yes.

MR. EDWARDS: Therefore, .1 percent --

DEPUTY DIRECTOR CAGER: I haven't discovered the .1 percent yet.

MR. EDWARDS: However, in the document it did say grants or loans.

DEPUTY DIRECTOR CAGER: But read the next sentence; "DHCD has the sole discretion".

MR. EDWARDS: Right. In your experience what would --

DEPUTY DIRECTOR CAGER: I haven't come to the .1 percent yet.

MR. EDWARDS: What would qualify --

DEPUTY DIRECTOR CAGER: I haven't come to the .1 percent yet.

MR. EDWARDS: All right. Disregard the percentage. Let's look at the word "grant." What in your experience would DHCD consider for grants?

DEPUTY DIRECTOR CAGER: I don't know because, again, we've, as long as I've been there, have concentrated on making loans for the reasons I stated earlier, not so much to hinder a project's success but to give us the vehicle to enforce the monitoring and compliance requirements that we have to.

MR. EDWARDS: Can it consist of a combination of two, loans and grants?

DEPUTY DIRECTOR CAGER: A project can consist of anything. Anything is a possibility.

MR. EDWARDS: So who would know?

DEPUTY DIRECTOR CAGER: Nobody would know better than me. I'm the man responsible for running the division.

MR. EDWARDS: Right. Okay, thank you.

MS. RANCHARAN: Hi.

DEPUTY DIRECTOR CAGER: Good evening.

MS. RANCHARAN: I'm Rose Rancharan. I'm a little lost on some of the processes and I'll have to go back through and study. But there are some general questions I want to ask. I'm a general contractor and what I'm interested in are bundles of residential properties. What I'd like to know is, first of all, do you know the general amount that these bundles run, like from 5 bundles up to 20 bundles? What is the general price range?

DEPUTY DIRECTOR CAGER: I can't tell you what -- let me see if I understand your question. You're looking at bundling properties.

MS. RANCHARAN: Correct.

DEPUTY DIRECTOR CAGER: Either multifamily or single family, what the properties run per unit.

MS. RANCHARAN: Correct, or the bundles.

DEPUTY DIRECTOR CAGER: There are two things. I think you have us confused with another initiative called Home Again.

MS. RANCHARAN: Okay.

DEPUTY DIRECTOR CAGER: Home Again is a program in the District that prequalifies developers, has a variety of vacant housing within the District, and puts that vacant housing out to its prequalified developers. We're not Home Again. We are strictly a lender.

MS. RANCHARAN: Okay. So you're not the Mayor's Initiative Program?

DEPUTY DIRECTOR CAGER: We're not Home

Again.

MS. RANCHARAN: That's why I was confused.

DEPUTY DIRECTOR CAGER: Right. We're the lender. They're also located at 801 North Capitol. They're on the first floor. From what I understand about their program, you have to be a pre-qualified developer and there's a process to pre-qualify, and then they award bundles.

MS. RANCHARAN: Okay.

DEPUTY DIRECTOR CAGER: Also, one thing I forgot to mention on our application. When it comes on line, you have to download it to your computer. It is fillable electronically, but you've got to download it to your computer, or to a disk or a CD, whatever you want to put it on, and do that.

MS. RANCHARAN: There's another question I have for you. When someone is awarded monies to develop an area, how do people that are in the LSDBE Program get a piece of that developer's contract? How does it work?

DEPUTY DIRECTOR CAGER: I would say we are requiring all of our applicants to certify that they will meet the LSDBE requirements.

MS. RANCHARAN: I don't want to be the

developer.

DEPUTY DIRECTOR CAGER: You want to be a builder.

MS. RANCHARAN: Right.

DEPUTY DIRECTOR CAGER: I think our list is generally published. It's either on the Web, the projects that we selected. There's generally a mayoral announcement. I would say when those projects are announced, you can call our office, and we can tell you what the selected projects were and their contact information.

Are we allowed to do that? We can tell you what the selected projects were and the contact information? I think we've done that before, haven't we?

MS. CAMPBELL: Yes, we did that.

DEPUTY DIRECTOR CAGER: Okay. So we can tell you what the selected projects were and that contact information.

MS. RANCHARAN: But you don't make any recommendations?

DEPUTY DIRECTOR CAGER: No. Again, the reason the Department does not make recommendations is you could be the best contractor in the world; you could do a job for this man. He's very unhappy. He sues you. You said there was no problem with my work. He says but the District recommended you, and the District's involved in that lawsuit.

MS. RANCHARAN: Okay. All right, thanks.

MR. PERRY: I understand you give mostly loan monies out.

DEPUTY DIRECTOR CAGER: 99.9. I haven't discovered the .1 yet.

MR. PERRY: Now, do you do market interest rates? What type of interest rates are used?

DEPUTY DIRECTOR CAGER: We do flexible financing. We are, again, a gap lender. That means we lend -- we do not seek to be the sole financier of a project. So we make our funding terms compatible with the investor, lenders in the project, and compatible to the project's needs and its ability to pay. We have done deferred loans. We've done cash flow loans. I've done cash-flow subordinate loans. I've done cash-flow, subordinated, deferred loans. You've named it; we have probably done it. But, again, the importance of a loan is that it gives us the requisite tool to ensure compliance.

MR. PERRY: Compliance to the --

DEPUTY DIRECTOR CAGER: All the monitoring requirements and affordability things. If you are in violation of those activities, I or the Department can go forward and call you into default and call your loan due and payable.

MR. PERRY: Thanks.

DEPUTY DIRECTOR CAGER: Okay. Any more questions? This is not your only chance to ask questions. Please remember our hotline and our email line. I would like to thank you for coming -- oh, now, just when I'm getting ready to close it out.

MS. PERRY: So if it's majority loans, what is the advantage of going through the program?

DEPUTY DIRECTOR CAGER: The advantage is that you will not find flexible financing anywhere in the District better than the Department of Housing and Community Development.

MS. PERRY: And if you're not awarded the funds, are there other programs that the city offers to help people who house low-income?

DEPUTY DIRECTOR CAGER: Most of that is done in our department. There's also the District of Columbia's Housing Finance Agency. They are, I would say, a larger scale project financier because they do taxes and bonds. We do have other resources within the Department under our residential and community services. On or about June 1st, for nonprofits we hope to launch an acquisition fund for nonprofits to secure properties in those sites to retain and use for future affordable housing.

UNIDENTIFIED: I just wanted you to repeat what you said about the date.

DEPUTY DIRECTOR CAGER: On or about June 1st.

UNIDENTIFIED: The acquisition fund.

DEPUTY DIRECTOR CAGER: The acquisition fund.

MR. EDWARDS: After the cut-off date, you mentioned you're going to try to get acceptance or decline letters by 60 days.

DEPUTY DIRECTOR CAGER: Yes, that's our target.

MR. EDWARDS: Right. Then you mentioned also a kick-off something. How long is that after the 60 days.

DEPUTY DIRECTOR CAGER: It depends on where you are in the queue. When you get your acceptance letter, you will have a predefined date for your kick-off meeting. That kick-off meeting will generally occur within 45 days from the day we sent out the letter.

MR. EDWARDS: From the 45 days thereafter.

DEPUTY DIRECTOR CAGER: Right. If you're the first one up, we give the first person about 10 days so they can get everything together. And then it's like everybody is right after that.

MR. EDWARDS: Okay. And then you mentioned 120 days.

DEPUTY DIRECTOR CAGER: Right.

MR. EDWARDS: What is that?

DEPUTY DIRECTOR CAGER: You have to go through underwriting. Your deal has to be analyzed and all your due diligence has to be submitted.

MR. EDWARDS: So that's 225 days. So in effect, from start to finish, you count approximately 225 days.

DEPUTY DIRECTOR CAGER: I counted --

MR. EDWARDS: 60, 45, 120.

DEPUTY DIRECTOR CAGER: Yeah, something about that.

MR. EDWARDS: Are there any project-size minimums or maximums?

DEPUTY DIRECTOR CAGER: Five units. --

MR. EDWARDS: So that size -- all right, go on.

DEPUTY DIRECTOR CAGER: Five units is the minimum, I think our RFP says we have a targeted threshold of about $2 million per project is our maximum.

MR. EDWARDS: What about minimum in dollar value?

DEPUTY DIRECTOR CAGER: I haven't done them. I don't know what a minimum in dollar value is?

MR. EDWARDS: Right.

DEPUTY DIRECTOR CAGER: I haven't done a minimum in dollar value.

MR. EDWARDS: $2 million is the threshold you say?

DEPUTY DIRECTOR CAGER: It's the maximum.

MR. EDWARDS: All right. Thank you.

DEPUTY DIRECTOR CAGER: Not a problem. That's what I'm here for.

MR. LAYMAN: My name is Richard Layman.

DEPUTY DIRECTOR CAGER: Hi, Richard,

MR. LAYMAN: Hi. What are the ways the Department communicates the various RFPs and NOFAs, and what's the best way to be on a list to always receive those notifications?

DEPUTY DIRECTOR CAGER: We do mail-outs. We post it on our Web. I believe if you've signed up to either receive here or at the office, I believe that we mail this stuff out when we do every RFP. We go through the list. That's one of Ms. Campbell's responsibilities. She was the official list keeper. So she'll call the list and she'll add people to it when we do an RFP. I think the day that it appears in the Register is the day that we mail them out because I don't think we can announce it before it appears in the Register. But the day it appears in the Register is the day we try to do our mail-out. So if you signed in, you're on her list. But check our website. You can always call our office or the Department. The general number is 7200, 442-7200.

Any more questions?

MS. PERRY: What's your name?

DEPUTY DIRECTOR CAGER: My name is Lawrence Cager, C-A-G-E-R.

MS. PERRY: Oh, that's you.

DEPUTY DIRECTOR CAGER: Yeah, that's me, regardless of what you heard.

MS. PERRY: No.

DEPUTY DIRECTOR CAGER: I don't have horns and a tail, at least I stuck my tail in my pants today.

MR. EDWARDS: What's your designation, again, sir?

DEPUTY DIRECTOR CAGER: I'm the deputy director and I'm responsible for the Development Finance Division.

MS. PERRY: Now, for the grants, what did you say? This is all loans. Okay. I've got it.

DEPUTY DIRECTOR CAGER: But the loans are designed to ensure our compliance. Yes, a loan is legal instrument. That's why we do a loan. But we understand we have projects that don't -- we've done all kinds of loans. We've done subordinate, deferred, cash flow, whatever.

Yes, sir?

MR. EDWARDS: Is there an established guideline or ratio of LTV, loan to value?

DEPUTY DIRECTOR CAGER: We will generally not invest in a project that exceeds 100 percent loan to value.

MR. EDWARDS: Right. So how do you go,

99.9?

DEPUTY DIRECTOR CAGER: I've gone 100.

MR. EDWARDS: But you generally don't.

DEPUTY DIRECTOR CAGER: I generally don't exceed 100.

MR. EDWARDS: Okay, exceed. What will decide on how you go, 50, 60, 70, 80, 90, 100?

DEPUTY DIRECTOR CAGER: What the project can stand, what the project's value is, who the project is serving, any and all of those characteristics.

MR. EDWARDS: Right. Repayment periods are generally what, 30, 20, 40, 50?

DEPUTY DIRECTOR CAGER: Repayment periods, I will tell you, are generally being stretched as long as the affordability period. So with the trust fund I can go out 40 years. For a rental project, the trust fund has a 40-year retention period for affordability.

DEPUTY DIRECTOR CAGER: Generally, what's your minimum?

DEPUTY DIRECTOR CAGER: Oh, I'll generally probably -- we try not to do anything less than 20. We're in the business of affordable housing. That's our business. I don't think any of our programs offer anything less than 10 or 15. I don't think Home offers anything less than 10 or 15. That's at a minimum. The Department's standard is generally 20.

MR. EDWARDS: Is there a separate department that deals with basically what we're doing here and takes into consideration unique building materials?

DEPUTY DIRECTOR CAGER: No, other than the other departments that lend for affordable housing, which is the Housing Finance Agency. We are one of the District's primary lenders for the affordable housing market.

MR. EDWARDS: All right.

DEPUTY DIRECTOR CAGER: Okay?

MR. EDWARDS: Thank you.

DEPUTY DIRECTOR CAGER: Any more questions? Going once. Come on.

MR. LAYMAN: I have --

DEPUTY DIRECTOR CAGER: Not a problem. Don't be sorry.

MR. LAYMAN: Richard Layman again. The question would be to do with I guess mixed-use projects and also mixed-use in income levels. For example, does the Department look favorably on projects like Hope VI, but not Hope VI, where if you have these long periods of retention, which are necessary for these public benefits and public goals -- in order to ensure greater more viable communities you want to have a mix of incomes.

DEPUTY DIRECTOR CAGER: Yes.

MR. LAYMAN: That's okay.

DEPUTY DIRECTOR CAGER: That's okay. A mixed-use project, mixed-incomes is an okay concept.

MR. LAYMAN: Thank you.

DEPUTY DIRECTOR CAGER: Going twice. Don't hold your questions now. Going three times. I thank everyone for coming. If there are any more questions, feel free to call us, ask us, email us.

(Whereupon, at 8:15 p.m., the foregoing matter was adjourned.)